

Makes current Estate Tax provisions permanent, allowing families to plan their financial futures without risk of increased taxes

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WASHINGTON, D.C. – Congressman Joe Sestak (PA-07) today voted to permanently extend estate tax relief to ensure that 99.8 percent of estates in America do not have to pay any taxes. H.R. 4154, which the House passed by a vote of 225 to 200, maintains the current estate tax exemption at \$7 million per couple, instead of letting it drop to \$2 million in 2011-- impacting many more American families-- and maintains the current tax rate cap of 45 percent. Without the bill, the estate tax would be eliminated entirely in 2010; but in 2011, the maximum estate tax rate would increase to 55 percent and apply to all estates above \$1 million per individual. According to the Joint Committee on Taxation, under the bill passed today, just 7,600 nationwide will pay estate tax under the bill in 2011 – 37,000 fewer than if Congress failed to act.

“This bill provides certainty for long-term financial planning by making current provisions permanent rather than having the rate fluctuate in the coming years,” said Congressman Sestak. “Without such action, in 2011 the estate tax rate exemptions would have been far lower. This bill allows more American Families to keep the wages they’ve earned.”

The exemption level and rate made permanent by H.R. 4154 are also consistent with the estate tax proposal included in President Obama's FY2010 Budget, which Congressman Sestak supported. Absent this change, the estate tax is scheduled to enter one year of full repeal in 2010 followed by a return of the estate tax in 2011 with much lower exemption amount (\$1 million) and a much higher maximum tax rate (55%). Furthermore, one year of estate tax repeal that is currently in place without this bill would be coupled with carryover basis rules that will require many families to pay tax on the built-in gains of property inherited in 2010. The bill would repeal these carryover basis rules and protect many heirs from paying additional taxes.

This bill included the text of H.R. 2920, the Statutory Pay-As-You-Go Act of 2009, which passed the House of Representatives in July of this year. Once this legislation is passed by the Senate, future legislation would have to be paid for entirely or face sequestration of federal funds by the President. H.R. 2920 codifies current PAYGO rules, which require Congress to offset the cost of new spending. By making the rules statutory, it gives the President authority to prevent further spending if PAYGO limits are exceeded. These provisions protect against further deficit spending. The PAYGO provisions were included in this bill after the Senate failed to act on the legislation that passed the House in July.

Born and raised in Delaware County, former 3-star Admiral Joe Sestak served in the Navy for 31 years and now serves as the Representative from the 7th District of Pennsylvania. He led a series of operational commands at sea, including Commander of an aircraft carrier battle group of 30 U.S. and allied ships with over 15,000 sailors and 100 aircraft that conducted operations in Afghanistan and Iraq. After 9/11, the Congressman was the first Director of Deep Blue, the Navy's anti-terrorism unit that established strategic and operations policies for the Global War

on Terrorism. He served as President Clintons Director for Defense Policy at the National Security Council in the White House, and holds a Ph.D. in Political Economy and Government from Harvard University. According to the office of the House Historian, Congressman Sestak is the highest-ranking former military officer ever elected to the U.S. Congress.

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